

Private Sector Mechanism Position Paper  
May 2015

**IMPLEMENTATION OF THE CFS PRINCIPLES FOR RESPONSIBLE INVESTMENT IN  
AGRICULTURE AND FOOD SYSTEMS**

The CFS Principles for Responsible Investment in Agriculture and Food Systems (RAI) offer important guidance to companies engaged in agriculture at local, national and international levels. Private sector firms of all sizes are already engaged in responsible corporate practices related to agricultural investments and the guidelines will offer a helpful framework for their work with the objective to increase the positive impacts that responsible investments can have on food security and nutrition, as well as overall poverty alleviation and economic development worldwide.

The Private Sector Mechanism (PSM) has been involved in the various stages of development of the RAI and emphasized throughout the need for the principles to be operational and for the CFS to quickly move to implementing them. **The RAI now needs to be positioned as a tool to enhance and attract investment, both foreign and domestic.**

The private sector is already the biggest engine of poverty reduction and economic growth in the developing world. On average, business provides 60% of GDP, 80% of capital flows and 90% of jobs in developing countries. It is the major source of the US\$1 trillion a year needed to finance development. To help leverage this potential, **governments must create stable, predictable and transparent regulatory frameworks and legal systems to attract sustainable investments in agriculture.**

The private sector was already involved in either testing the principles first developed by the Inter-Agency Working Group (IAWG) and were actively involved in the CFS negotiations. **Many companies have started to review the RAI principles in the context of existing reporting mechanisms and relevant laws and are willing to examine how the principles may work in practice, with a view to operationalizing them.**

To ensure investments in agriculture support food security and development, all stakeholders need to work together collaboratively, in particular in the phase of implementation. Investments should help foster choices among consumers and producers. This will require a variety of activities and partnerships inspired by the principles.

As we look to specific activities in the coming year or two of implementation, the PSM would like to raise the following issues:

1. The CFS secretariat should have a mandate to **promote** the RAI outcomes.
2. **Pilot projects** should be considered to be set up in collaboration with UN agencies (UNCTAD, IFAD, FAO), the World Bank and others working directly with investors. The pilots should be established in partnership with businesses to test the implementation of the principles “on the ground”. The PSM has already found companies willing to volunteer for this.
3. The RAI was identified as a new workstream for the CFS because many processes had been initiated on agricultural investment. The need for coherence and for a central process to manage this issue is still relevant today when discussing implementation and related documents. The PSM notes with concern the continued proliferation of processes and guidelines, such as the FAO-OECD Guidance for Responsible Agricultural Supply Chains or others. We suggest a work group be set up on the topic of coherence of the principles with other processes. **The CFS chair should convene groups working on parallel processes to increase coherence and avoid multiplication of efforts and competing guidelines.**
4. Businesses already report on their Corporate Social Responsibility through various initiatives, including the Global Reporting Initiative. **The PSM recommends integrating RAI guidelines into existing reporting systems** to avoid the creation of a new reporting standard that would not be feasible for private operators.